

U.S. DEPARTMENT OF COMMERCE
BUREAU OF ECONOMIC ANALYSIS

FORM BE-82 INSTRUCTION BOOKLET

**Annual Survey of Financial Services
Transactions Between U.S. Financial
Services Providers and Unaffiliated
Foreign Persons**

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INSTRUCTIONS

Purpose — Reports on this form are required in order to obtain reliable and up-to-date information on financial services transactions between U.S. financial services providers and unaffiliated foreign persons. The information is needed to support trade negotiations and monitor trade agreements, formulate U.S. international economic policy, and analyze the impact of that policy and the policies of foreign countries on international trade in financial services. The data will also be used in compiling the U.S. balance of payments accounts and national income and product accounts.

Authority — The filing of reports for this survey is authorized by Section 3103 of the International Investment and Trade in Services Survey Act (P.L. 94-472, 90 Stat. 2059, 22 U.S.C. 3101-3108, as amended), and by Section 5408 of the Omnibus Trade and Competitiveness Act of 1988 (P.L. 100-418, 15 U.S.C. 4908(c)). Regulations for the survey may be found in 15 CFR Part 801. The survey has been approved by the Office of Management and Budget under the Paperwork Reduction Act (44 U.S.C. 3501, et seq.).

Penalties — Whoever fails to report may be subject to a civil penalty of not less than \$2,500, and not more than \$25,000, and to injunctive relief commanding such person to comply, or both. Whoever willfully fails to report shall be fined not more than \$10,000 and, if an individual, may be imprisoned for not more than one year, or both. Any officer, director, employee, or agent of any corporation who knowingly participates in such violations, upon conviction, may be punished by a like fine, imprisonment, or both. (See 22 U.S.C. 3105.) Notwithstanding the above, a U.S. person is not subject to any penalty for failure to report if a valid Office of Management and Budget control number is not displayed on the form; such a number (0608-0063) is displayed on this form.

Confidentiality — The act provides that your report to this Bureau is CONFIDENTIAL and may be used only for analytical and statistical purposes. Without your prior written permission, the information filed in your report CANNOT be presented in a manner that allows it to be individually identified. Your report CANNOT be used for purposes of taxation, investigation, or regulation. Copies retained in your files are immune from legal process.

I. WHO MUST REPORT AND GENERAL COVERAGE

A. Who must report

1. Mandatory and voluntary reporting

- a. Mandatory reporting** — A BE-82 report is required from each U.S. person who (i) is a financial services provider or intermediary (see I.B.2. of these **Instructions**), or whose consolidated U.S. enterprise includes a separately organized subsidiary or part that is a financial services provider or intermediary, and (ii) had transactions (either sales or purchases) directly with unaffiliated foreign persons in all financial services combined (see V. of these **Instructions**) in excess of \$5,000,000 during its fiscal year covered by the survey. The \$5,000,000 threshold should be applied to financial services transactions with unaffiliated foreign persons by all parts of the consolidated U.S. enterprise combined that are financial services providers or intermediaries, regardless of whether the subsidiaries or parts of the organization file separate Forms BE-82(B). Because the \$5,000,000 threshold applies separately to sales and purchases, this mandatory reporting requirement may apply only to sales, only to purchases, or to both sales and purchases.

The determination of whether a U.S. financial services provider or intermediary is subject to this mandatory reporting requirement may be judgmental, that is, based on the judgment of knowledgeable persons in a company who can identify reportable transactions on a recall basis, with a reasonable degree of certainty, without conducting a detailed manual records search.

Reporters who must file pursuant to this mandatory reporting requirement must complete Parts I and II of Form BE-82(A), and Parts I and II and the mandatory parts of the applicable schedule(s) of Form BE-82(B). The total amounts of transactions applicable to a particular schedule are to be entered in the appropriate column(s) on line 1 of the schedule. In addition, these amounts must be distributed below line 1 to the foreign country(ies) involved in the transaction(s).

- b. Voluntary reporting** — If, during the fiscal year, covered sales or purchases (see V. of these **Instructions**) by a firm that is a financial services provider or intermediary, or by a firm's subsidiaries or parts combined that are financial services providers or intermediaries, are \$5,000,000 or less, the U.S. person is requested to provide an estimate of the total for each type of service. Provision of this information is voluntary. The estimates may be judgmental, that is, based on recall, without conducting a detailed manual records search. Because the \$5,000,000 threshold applies separately to sales and purchases, this voluntary reporting option may apply only to sales, only to purchases, or to both sales and purchases.

Reporters who elect to file pursuant to the voluntary reporting option should complete Parts I and II of Form BE-82(A), and Parts I and II and the voluntary parts of the applicable schedule(s) of Form BE-82(B). The total amounts of transactions applicable to a particular schedule are to be entered in the appropriate column(s) on line 20 of the schedule. Disaggregation by country is not required if transactions with unaffiliated foreign persons in all types of financial services combined total \$5,000,000 or less. However, if information on the foreign countries involved in the transactions is readily available, the totals and a disaggregation by country may instead be reported in the mandatory section.

- c. Exemption** — A U.S. person receiving this report from BEA who does not meet the criteria for reporting in the mandatory section, and who elects not to report data in the voluntary section, of Form BE-82(B), must complete the Exemption Claim on page 3 of Form BE-82(A).

- 2. Consolidation** — A consolidated U.S. enterprise has the option of filing a single, original copy of Form BE-82(B) covering combined (total) financial services transactions (purchases and sales) of all its subsidiaries and parts that are financial services providers or intermediaries, or of filing separate reports for its separately organized financial services subsidiaries and parts. In either case, Form BE-82(A) must also be completed for the consolidated U.S. enterprise.

The \$5,000,000 exemption level for mandatory reporting is based upon total financial services purchased from, or sold to, unaffiliated foreign persons by all parts of the consolidated U.S. enterprise that are financial services providers or intermediaries combined, regardless of the number of subsidiaries or parts of the enterprise filing separate Forms BE-82(B).

I. WHO MUST REPORT AND GENERAL COVERAGE — Continued

B. General Coverage

1. The BE-82 measure of sales (receipts) or purchases (payments)

For most types of financial services covered by this survey, sales and purchases are the measures used to determine whether the threshold for mandatory reporting of the service is exceeded. However, for some services, an item other than sales or purchases may be appropriate. For example, payments of underwriting fees (reportable on Schedule B) must be calculated by an issuer of securities by first estimating gross proceeds to the foreign lead underwriter from the sale to the public of the securities (based upon the number of units of securities sold times the per unit public offer price), and then subtracting the net proceeds received by the issuer from the foreign lead underwriter. The resulting difference is the amount that the issuer should report on Schedule B.

A transaction should be reported in the period when it occurs or is charged (that is, in the period when the provider of the service recognizes or performs the service), whether expensed by the purchaser of the service in that accounting period, amortized over several accounting periods, or included in expenses in a subsequent accounting period. For example, payments of credit-related fees (and payments of securities brokerage commissions) should be reported in the period when credit-related (securities brokerage) services are charged, whether or not the charge for the service is included in the purchaser's expenses for that particular accounting period. *See V. of these Instructions for an explanation of what measures should be applied in determining whether you are subject to the BE-82 survey's mandatory reporting requirements for a given type of service.*

2. BE-82 definition of financial services provider

The definition of financial services providers used for this survey is analogous in coverage to the finance and insurance part of Division H of the 1987 Standard Industrial Classification Manual (SIC major groups 60 through 64, and major group 67). More specifically, companies and/or subsidiaries and other separable parts of companies in the following industries are defined as financial services providers: Depository institutions (including commercial banks and thrifts); nondepository credit institutions; security and commodity futures brokers, dealers, exchanges, traders, underwriters, and services providers (including investment bankers and providers of securities custody services); credit card companies; insurance carriers, agents, brokers and services providers; investment advisors and managers; mutual funds; pension funds; trusts; holding companies; investors; oil royalty traders; etc.

Holding companies that own only **nonfinancial** subsidiaries may elect to omit reporting their **purchases** of financial services from unaffiliated foreign persons on Form BE-82 if they instead report these purchases on Form BE-20, Benchmark Survey of Selected Services Transactions With Unaffiliated Foreign Persons, or Form BE-22, Annual Survey of Selected Services Transactions With Unaffiliated Foreign Persons. Alternatively, these holding companies may elect to report both purchases **and** sales of financial services on Form BE-82; in this case, they should **not** report their purchases of financial services from unaffiliated foreign persons on Form BE-22. In either case, **sales** of financial services to unaffiliated foreign persons must be reported on Form BE-82 if they exceed \$5 million.

3. Clarification of general coverage, including special situations

- a. Purchases or sales are to be reported in the period when they occur or are charged. As discussed in I.B.1., this may not be the period in which the transaction is included in the purchaser's income or expense. For example, payments of fees for credit-related services should be reported when the services are rendered, not over the potentially longer period during which the payments may be amortized by the borrower.
- b. Covered transactions are includable regardless of whether the service was performed in the United States or abroad.
- c. When a sale or purchase consists of services that are commingled or bundled (i.e., the different types of services are not separately billed), you should unbundle the transaction whenever possible. When the transaction cannot be unbundled, it should be classified based upon whichever service accounts for the largest share of its value. Note, however, if the services are billed together because they are integral parts of the same transaction (for example, if the fee for financial management services includes payment for custody and other services that are regarded as integral parts of financial management services), then do not unbundle the transaction.
- d. Only financial services purchased or sold by U.S. financial services providers or intermediaries directly from unaffiliated foreign persons are covered by this survey. Transactions in **nonfinancial** services with foreign persons, transactions by **nonfinancial** subsidiaries or other nonfinancial parts of companies, and transactions with affiliated foreign persons are covered by other BEA surveys. *See IV. of these Instructions.*
- e. As discussed in I.B.2., a holding company that owns **only** manufacturing or other **nonfinancial** subsidiaries may elect to report its **purchases** of financial services from unaffiliated foreign persons on Form BE-20 or Form BE-22, rather than on this survey. However, in either case, these holding companies must report their **sales** of financial services to unaffiliated foreign persons on this survey if such sales exceed \$5 million.

II. DEFINITIONS

- A. **Services** mean economic activities whose outputs are other than tangible goods. This term includes, but is not limited to, banking, other financial services, insurance, transportation, communications and data processing, retail and wholesale trade, advertising, accounting, construction, design, engineering, management consulting, real estate, professional services, entertainment, education, and health care.
- B. **Financial** services include trading, issuing, dealing, underwriting, lending, custody, etc. of financial instruments; financial advisory or management services; credit card services; credit-related services (including establishing, maintaining, or arranging credits, letters of credit, lines of credit, mortgages, etc.); financial rating services; electronic funds transfer services; insurance services; etc. These services typically are performed by firms classified in the finance and insurance part of Division H of the 1987 Standard Industrial Classification Manual (see I.B.2.). Some types of financial services are not covered on this survey. *See V. of the Instructions for a list of financial services that are covered, and see VI. of the Instructions for a list of financial services that are not covered on this survey.*

II. DEFINITIONS — Continued

C. U.S. Reporter means a U.S. person filing a report in this survey. On Form BE-82(A), the U.S. Reporter is the consolidated U.S. enterprise; on Form BE-82(B), the U.S. Reporter may be either the consolidated U.S. enterprise or a financial services subsidiary or part of a consolidated U.S. enterprise reporting separately.

D. Consolidated U.S. enterprise means (i) a U.S. financial services provider, (ii) any U.S. corporation, proceeding up the financial services provider's ownership chain, that owns more than 50 percent of the voting securities of the corporation below it, and (iii) any U.S. corporation, proceeding down the ownership chain(s) of each of these corporations, whose voting securities are more than 50-percent-owned by the U.S. corporation above it.

E. United States, when used in a geographic sense, means the several States, the District of Columbia, the Commonwealth of Puerto Rico, and all territories and possessions of the United States.

F. Foreign, when used in a geographic sense, means that which is situated outside the United States or which belongs to or is characteristic of a country other than the United States.

G. Person means any individual, branch, partnership, associated group, association, estate, trust, corporation, or other organization (whether or not organized under the laws of any State), and any government (including a foreign government, the United States Government, a State or local government, and any agency, corporation, financial institution, or other entity or instrumentality thereof, including a government sponsored agency).

1. United States person means any person resident in the United States or subject to the jurisdiction of the United States.

2. Foreign person means any person resident outside the United States or subject to the jurisdiction of a country other than the United States.

H. Unaffiliated foreign person means, with respect to a given U.S. person, any foreign person that is not an affiliated foreign person as defined in paragraph I. below.

I. Affiliated foreign person means, with respect to a given U.S. person, (i) a foreign affiliate of which the U.S. person is a U.S. parent, or (ii) the foreign parent or other member of the affiliated foreign group of which the U.S. person is a U.S. affiliate.

J. Affiliate means a business enterprise located in one country that is directly or indirectly owned or controlled by a person of another country to the extent of 10 per centum or more of its voting stock for an incorporated business or an equivalent interest for an unincorporated business, including a branch.

1. Foreign affiliate means an affiliate located outside the United States in which a U.S. person has direct investment.

2. U.S. affiliate means an affiliate located in the United States in which a foreign person has direct investment.

K. Business enterprise means any organization, association, branch, or venture which exists for profitmaking purposes or to otherwise secure economic advantage, and any ownership of any real estate. (A business enterprise is a "person" within the definition in paragraph G. above.)

L. Direct investment means the ownership or control, directly or indirectly, by one person of 10 per centum or more of the voting stock of an incorporated business enterprise or an equivalent interest in an unincorporated business enterprise.

M. Parent means a person of one country who, directly or indirectly, owns or controls 10 per centum or more of the voting securities of an incorporated business enterprise, or an equivalent ownership interest in an unincorporated business enterprise, which is located outside that country.

1. U.S. parent means the U.S. person that has direct investment in a foreign business enterprise, including a branch.

2. Foreign parent means the first person outside the United States that has direct investment in a U.S. business enterprise, including a branch.

N. Affiliated foreign group means (i) the foreign parent, (ii) any foreign person, proceeding up the foreign parent's ownership chain, that owns more than 50 per centum of the person below it up to and including that person which is not owned more than 50 per centum by another foreign person, and (iii) any foreign person, proceeding down the ownership chain(s) of each of these members, which is owned more than 50 per centum by the person above it.

O. Fiscal year is the U.S. Reporter's financial reporting year that has an ending date in calendar year 1998.

P. Country means, for purposes of this survey, the country of location of the foreign person with whom a transaction has occurred.

III. GENERAL INSTRUCTIONS

A. How to differentiate between U.S. and foreign persons

In II.G.2. of these **Instructions**, a "foreign person" is defined as any person resident outside the United States or subject to the jurisdiction of a country other than the United States. Under this definition, persons who reside or expect to reside for 1 year or more in a foreign country are considered to be foreign persons. International organizations are considered to be foreign persons whether they are based in the United States (such as the International Bank for Reconstruction and Development, Inter-American Development Bank, United Nations, World Health Organization, and the Organization of American States) or abroad.

If you are uncertain whether a financial services transaction is with an unaffiliated foreign person, the following procedure should be followed. First, identify the country a transaction is with using billing or mailing address information. The assumption is that a transaction should be shown against a given foreign country (or with an international organization) if the billing or mailing address is of that foreign country (or of an international organization). If the billing or mailing address is in the United States, the transaction ordinarily would be assumed to be a transaction with a U.S. person and, therefore, not reportable on this survey.

Although billing or mailing addresses may provide a satisfactory basis for differentiating between U.S. and foreign persons in most cases, in some cases they may not, such as where foreign customers have provided billing addresses of U.S. agents or other locations of convenience in the United States, or U.S. customers have provided foreign billing addresses. Thus, for transactions of significant size (i.e., those that will affect the overall level of transactions reported in this survey for a given type of service), a second step may be necessary. For each type of service, you must determine whether or not you need to take the following additional step in order to assure accuracy of data reported in this survey.

III. GENERAL INSTRUCTIONS — Continued

The second step is to examine other available information on the residency of your largest customers and contractors. For example, to review the residency of your customers, you might refer to IRS Form W-8, Certificate of Foreign Status (filed by foreign persons), IRS Form W-9, Request for Taxpayer Identification Number and Certification (filed by U.S. persons), and/or any other available information on the residency of persons with whom you have sold or purchased financial services.

For some types of services, such as underwriting services, it may be necessary to rely on additional information to correctly determine the residency of your customers in order to assure accuracy; for other types of services, it will probably be sufficient to use billing address information alone.

B. Who must report a transaction when an intermediary is involved

Financial services transactions between a U.S. person and a foreign person are frequently arranged by, billed through, or otherwise facilitated by, a financial services provider or intermediary. The intermediary may be U.S. or foreign, and may be affiliated or unaffiliated with the U.S., or the foreign, person. The U.S. financial services provider or intermediary who **directly** deals with an unaffiliated foreign person, not the U.S. customer of the intermediary, is typically responsible for reporting the transaction on this survey.

The following guidelines should be used to determine who should report BE-82 data on payments of brokerage fees and commissions (service number 1) in cases where more than one U.S. financial services provider is involved in or knowledgeable about the transaction.

Where a U.S. broker is involved in the transaction, the broker should report the data on payments of brokerage commissions. If a U.S. broker is not involved, a U.S. financial manager, such as a fund or investment manager, involved in the transaction should report the data. Where neither a U.S. broker nor a U.S. manager is involved in the transaction, a U.S. custodian should report; this would be the case, for example where the principal uses a foreign (rather than a U.S.) financial manager, but a U.S. custodian. (In this case, the custodian may wish to contact the principal to determine which of his financial managers are foreign persons.) If the custodian does not have or cannot obtain the information needed to report, then the U.S. principal, or his paying agent, should report the data; the U.S. principal must make the determination of whether he or his paying agent is responsible for reporting.

Respondents may deviate from these guidelines by agreement among themselves, but they should confer with one another to assure that the data reported on payments of brokerage commissions are neither omitted from all BE-82 reports, resulting in under-counting of data, nor reported on more than one BE-82 report, resulting in duplication.

C. Distinguishing transactions with affiliated foreign persons from transactions with unaffiliated foreign persons

For purposes of reporting in this survey, it is necessary to distinguish between transactions between affiliated U.S. and foreign persons, and transactions between unaffiliated U.S. and foreign persons. Only transactions with unaffiliated foreign persons are to be reported in this survey; services transactions with affiliated foreign persons are reportable in other BEA surveys (*see IV. of these Instructions*). An unaffiliated foreign person is a foreign person that is neither the foreign affiliate nor the foreign parent (or other member of the affiliated foreign group) of the consolidated U.S. enterprise filing Form BE-82(A) of this survey. (*See II.I., J., M. and N. in the Instructions.*)

Transactions with unaffiliated foreign persons by or through a foreign activity of a U.S. person that is not a foreign affiliate of the U.S. person are deemed to be direct transactions of the U.S. person, and any financial services sold to, or purchased from, unaffiliated foreign persons through such an activity are reportable in this survey.

If a U.S. person's foreign activity or operation is incorporated abroad, it is a foreign affiliate.

If a U.S. person's foreign activity or operation is NOT incorporated abroad, its status is based on the weight of the evidence when the factors listed below are considered.

An unincorporated foreign activity or operation generally WOULD NOT be considered a foreign affiliate if it: (i) conducts business abroad only for the U.S. person's account and not for its own account; (ii) has no separate financial statements (including an income statement and balance sheet); (iii) receives funds to cover its expenses only from the U.S. person; (iv) pays no foreign income taxes; and (v) has limited physical assets, or employees, permanently located abroad.

Criteria for determining which U.S. activities do or do not constitute a U.S. affiliate of a foreign person are parallel to those listed above.

IV. RELATED FORMS

Persons receiving this form should be aware of other forms on services that are required to be filed on a mandatory basis with BEA (*see 15 CFR, Part 801, Section 9(b).*).

The BE-80, Benchmark Survey of Financial Services Transactions Between U.S. Financial Services Providers and Unaffiliated Foreign Persons, for which this BE-82 survey is the annual follow-on, was first conducted for 1994 and will be conducted every 5 years thereafter. It covers the same services as this survey but has a lower exemption level. BEA also conducts surveys of other types of services transactions with unaffiliated foreign persons (such as Form BE-48, Annual Survey of Reinsurance and Other Insurance Transactions by U.S. Insurance Companies With Foreign Persons; Form BE-93, Annual Survey of Royalties, License Fees, and Other Receipts and Payments for Intangible Rights Between U.S. and Unaffiliated Foreign Persons; Form BE-20, Benchmark Survey of Selected Services Transactions With Unaffiliated Foreign Persons; and Form BE-22, Annual Survey of Selected Services Transactions With Unaffiliated Foreign Persons). All inquiries about these surveys should be directed to BEA's International Investment Division (IID) at (202) 606-5588. In addition, BEA collects information on services transactions with affiliated foreign persons in its direct investment surveys. Inquiries concerning BEA's survey of services transactions between U.S. parent companies and their foreign affiliates (Form BE-577) should be directed to IID at (202) 606-5599, and inquiries concerning services transactions between U.S. affiliates and their foreign parent companies (Forms BE-605 and BE-605 Bank) should be directed to IID at (202) 606-5577.

Under the Treasury International Capital reporting system, the Department of the Treasury conducts mandatory surveys on the international financial position of the United States and on movements of portfolio investment capital between the United States and foreign countries that may give rise to financial services transactions. Inquiries about these surveys should be directed to the Federal Reserve Bank of New York (as contractor for the Treasury Department) at (212) 720-8243.

V. SERVICES COVERED

Receipts (**Schedule A of Form BE-82(B)**) and payments (**Schedule B**) of fees and commissions for the following types of financial services are covered by this survey:

A. Brokerage, except foreign exchange brokerage services (service number 1) — Schedule A covers your receipts of commissions (inclusive of taxes and stamp duties) directly from unaffiliated foreign customers for executing orders to purchase or sell securities, options, futures, and other financial instruments, except foreign currency. It excludes income, such as option premiums, where you were a dealer or other principal who was at risk of incurring a loss on the financial instrument rather than acting solely as a broker. Schedule B covers your payments of commissions (inclusive of taxes and stamp duties) directly to unaffiliated foreign brokers for executing your, or your customers', orders.

Brokerage fees arising from foreign currency exchange transactions should not be reported here, but should instead be reported under service number 9, foreign exchange brokerage services. Origination fees in connection with derivative financial instruments that trade over the counter ordinarily should not be reported here. These should be reported here **only** if they are separately identified in transaction documentation issued by the dealer or intermediary in the instruments to its customers, and are considered to be commissions rather than undifferentiated components of overall trading or marketmaking gains. Brokerage commissions for arranging joint ventures are covered under service number 10, "other" financial services. Fees for commodity or merchandise brokerage services (as opposed to fees for purchasing or selling commodity futures) are not covered because they are not considered to be financial services.

See III.B. of these **Instructions** for clarification of who is responsible for reporting data on payments of brokerage fees and commissions where more than one U.S. financial services provider is involved in or knowledgeable about the transaction.

B. Private placement services (service number 2) — Covers fees you received from an unaffiliated foreign issuer of securities for privately placing its securities, or fees that you paid to an unaffiliated foreign person who privately placed your securities, including fees on dealer-placed commercial paper. Do not report earnings from buying and selling (i.e., trading) commercial paper or other securities for your own account, because they are not considered to be financial services.

C. Underwriting services (service number 3) — Covers earnings from buying and reselling an entire or substantial portion of newly issued securities. If you purchased securities from an unaffiliated foreign person (issuer or lead underwriter) and resold them to others at a lower price, report your loss as negative receipts on Schedule A. (This is the only financial service category where negative amounts may be reported.)

Where you are lead underwriter, report receipts of underwriting fees and payments of selling concessions and other expenses separately. Underwriting fees, before deduction of selling concessions paid to other members of the syndicate, should be reported on Schedule A according to the country of the person (issuer) from whom you purchased the securities. Selling concessions and reimbursements for expenses paid by you to unaffiliated foreign members of the syndicate should be reported on Schedule B based upon the country(ies) of the foreign syndicate members receiving the selling concessions and reimbursements.

Where you are a syndicate member other than the lead underwriter, report on Schedule A selling concessions received by you based upon the country of the lead underwriter.

Where you are the issuer of securities, payments of underwriting fees reported on Schedule B should be calculated as follows: First, calculate gross proceeds to the underwriter from the sale to the public of your securities. This estimate should equal the number of units of securities sold to the foreign lead underwriter times the per unit public offer price. (If the public offer price is not available from your internal accounting records, consult the prospectus or other public offer document.) Second, from this amount, subtract the net proceeds you received when you sold your securities to the foreign lead underwriter. The resulting difference is the amount to report on Schedule B as payments of underwriting fees, classified according to the country of the foreign lead underwriter.

Fees or commissions received by, or paid to, intermediaries that arrange the sale of securities (including mutual fund shares) they do not themselves own should be reported as brokerage services (under service number 1) rather than as underwriting services.

D. Financial management services (service number 4) — Covers services in which the provider of the service has the authority to direct the use or investment of funds or other assets. Report fee income from (to) unaffiliated foreign persons for managing or administering financial portfolios, such as cash, securities, futures, and other financial instruments or assets, if you (they) have this authority. (If a U.S. or foreign person has input into the decision-making process but does not have this authority, report the fees under service number 7, financial advisory and custody services.) Report these fees whether or not the assets are in the custody of the manager or in the custody of another U.S. or foreign person whom the manager directs. Include fees from actively managed accounts (where research and market timing skills are also provided) and fees from passively managed, or indexed, accounts, such as where the portfolio is composed of certain securities so that its performance will track that of an index.

U.S. persons (including trustees and fiduciaries with management authority) should report their fees from managing **foreign** commodity pools, mutual funds, hedge funds, trusts (including trusts containing mortgages), etc. (which are considered foreign persons) on Schedule A. Fees from managing U.S. mutual funds, hedge funds, trusts (including trusts containing mortgages), etc. (which are considered U.S. persons) should not be reported **unless** the management fee is charged directly to a foreign investor, owner, beneficiary, maker, etc., of the U.S. mutual fund, hedge fund, or trust rather than charged to the U.S. mutual fund, etc. itself.

U.S.-based custodians and subcustodians who manage the custody or safekeeping of securities directly on behalf of unaffiliated foreign persons (including unaffiliated foreign-based custodians or subcustodians) should report their receipts from, and U.S.-based private label custodians should report their payments to, unaffiliated foreign persons (including foreign custodians and subcustodians) under service number 7, financial advisory and custody services.

Foreign participation in U.S. futures markets frequently occurs indirectly, by foreign persons investing directly in a foreign commodity pool that, in turn, invests directly in the U.S. futures market. Foreign commodity pools may be organized by U.S. commodity pool operators (CPO's), such as U.S. brokerage institutions. U.S. CPO's must report on Schedule A their fees from managing foreign commodity pools, including additional management fees received based upon positive returns. However, exclude gains and losses to principal amounts you have invested in the pool; in this case, your earnings are considered to be capital gains, which are not covered on Schedules A and B. (Similar guidelines pertain to the earnings of U.S. persons who manage foreign hedge funds; i.e., report management fees including additional fees based on positive returns, but do not report gains or losses to principal amounts invested in the funds.)

V. SERVICES COVERED — Continued

Do not report receipts (payments) of your foreign affiliates from (to) foreign persons. For example, where your foreign affiliate manages foreign assets, the management fee paid by foreign clients to your foreign affiliate should not be reported on this form, because the fee was not received by the U.S. Reporter from an unaffiliated foreign person. (See II. and III. of the **Instructions** for a discussion of foreign activities of a U.S. person that constitute a foreign affiliate.) Similarly, fees paid by you to, or received by you from, a U.S. affiliate of a foreign person should not be reported.

Do not report funding for foreign sales promotion and representative offices in this survey. Such funding should be reported instead on Form BE-20 or BE-22.

E. Credit-related services, except credit card services (service number 5) — Includes fees received from or paid to unaffiliated foreign persons for credit-related or lending-related services, such as fees for renegotiating debt terms and fees for establishing/originating, maintaining, accepting or arranging standby letters of credit, commercial and similar letters of credit, letters of indemnity, lines of credit, participations in acceptances, mortgages, credit facilities, etc. For example, include receipts and payments of reimbursement commissions for honoring import letters of credit (ILC's), and of discrepancy fees for financial services provided when goods imported under ILC's do not fully meet specifications. Include fees for factoring services, issuing financial guarantees and loan commitments (to make or purchase loans), arranging or entering into financial lease contracts, etc. Include both fees paid directly and fees that are withheld or deducted from the proceeds. Include fees for credit-related services received by, or paid to, note issuance facilities (NIF's), but do not report underwriting fees on notes issued by NIF's; these should instead be reported under service number 3, underwriting services. Also, do not report interest received or paid, including discounts and premiums on notes purchased or sold.

If you are a member of a loan syndicate, or of loan participations other than syndicates, report fees received and paid for organizing, managing, or participating in the operation. Do not report the sale of assets (i.e., of parts or shares in the syndicated loan), because these are not financial services. Where you have collected a fee from an unaffiliated foreign person on a loan syndication and passed through a portion of the fee to foreign syndicate members, report the total fee you received on Schedule A and report the portion of the fee you passed through on Schedule B. Borrowers under loan syndicates or loan participations other than syndicates should report payments of fees according to the country of the lead manager of the syndicate.

Report payments of credit-related fees in the accounting period in which the fee is assessed by the provider of credit-related services, whether included in expenses for that particular accounting period or amortized over several accounting periods.

If compensating balances are reflected in the cost of credit-related services, the amount that should be reported is the (net) amount received or paid for credit-related services after credit for the value of the compensating balances. That is, the value of the compensating balance to the bank, in the form of foregone interest expense, should not be reported, but, if the bank returns some portion of its savings to its customers in the form of a credit against other financial services provided, the amount to report for the other financial services provided should be the reduced charge after consideration of this credit.

F. Credit card services (service number 6) — All cross-border receipts and payments for credit card services should be reported, whether paid separately or in the form of a discount from face or par value.

U.S. credit card companies must report specified transactions in which they themselves engage with unaffiliated foreign persons, as well as specified transactions of their independent issuers or acquirers with foreign persons. Thus, in order to avoid duplication, their independent credit card issuers and acquirers are exempt from reporting data on these credit card services.

The major types of credit card services sold to or purchased from unaffiliated foreign persons are listed below. Total receipts and payments through the system controlled or monitored by the credit card company must be separately reported by the credit card company. Total receipts (or total payments) of credit card services are the sum of receipts (or payments) from all of these credit card services combined.

- Transaction and service fees received from or paid to foreign acquirers and issuers
- Interchange received from foreign acquirers or paid to foreign issuers
- Discount (including interchange and overhead assessments, reimbursements for telecommunication services, etc.) received from or paid to foreign acquirers and issuers
- Payments to foreign issuers, acquirers, or merchants under guarantees to protect them from losses from a default in the processing network
- Fees you received from foreign issuers for credit authorization services
- Fees you received from foreign issuers for listing lost or stolen credit card numbers in warning bulletins or on electronic files
- Resignation assessments or membership fees received from foreign issuers and acquirers
- Multi-currency conversion fees received from foreign issuers or paid to foreign acquirers, processing centers, or issuers

The issuers, acquirers, and processors themselves, rather than the credit card companies, are responsible for reporting transactions in credit card services that are conducted outside the system controlled or monitored by the credit card companies. Such transactions may include annual dues and other fees received by issuers from cardholders, payments to processors by independent issuers and acquirers, and any interchange reimbursements that do not go through the credit card system.

Do **not** report receipts or payments for credit card enhancements, such as travel insurance, extended warranties, and discounts on tour packages or other purchases.

G. Financial advisory and custody services (service number 7) — Covers financial advisory services on mergers and acquisitions (but excludes services where you were at risk of incurring a loss, such as underwriting services (service number 3)), investment newsletters or investment advice, commodity trading advisory services, proxy voting advisory services, custody services (including payments and settlements services such as mortgage servicing services), and other advisory and custody services provided by U.S. or foreign persons who have no discretion, or who have very limited discretion, to act independently from instructions provided by the investor or another principal.

Custodians and subcustodians are persons who manage the custody or safekeeping of securities or other financial instruments. (A subcustodian performs these services as a contractor to a custodian.) U.S.-based custodians and subcustodians who manage the custody or safekeeping of securities directly on behalf of unaffiliated foreign persons (including unaffiliated foreign-based custodians or subcustodians) should report their receipts on Schedule A; U.S.-based private label custodians and other U.S. persons should report their payments of fees to foreign global custodians on Schedule B.

VI. SERVICES COVERED — Continued

U.S. issuers of American Depositary Receipts (ADR's) and American Depositary Shares (ADS's) should report on Schedule B their payments to unaffiliated foreign correspondent institutions for holding the securities backing the ADR's and ADS's. U.S. issuers of ADS's should also report, on Schedule A, any receipts of sponsorship fees from unaffiliated foreign persons.

Do not include fees received from or paid to a U.S. subsidiary (or U.S. affiliate) of a foreign person, because, under balance of payments conventions, these are considered U.S., not foreign, persons.

Where you do have complete (or substantially complete) discretion to act independently from instructions provided by investors or other principals, report your receipts under service number 4, financial management services. Similarly, where you are an investor or principal, and an unaffiliated foreign person has complete (or substantially complete) discretion to act independently on your behalf, report your payments under service number 4.

H. Securities lending services (service number 8) — U.S. securities lenders and borrowers, and their agents, should report amounts received directly from, or paid directly to, unaffiliated foreign persons, for lending or borrowing securities. Include fees received by or paid to principals or agents for arranging loan terms and conditions, monitoring the value of collateral, providing guarantees against default, and providing other securities lending services. Include rebates received or paid on "borrow versus cash transactions." Exclude amounts received from, or paid to, unaffiliated foreign persons by a U.S. or foreign agent upon the default of a customer, because such payments are not considered to be for financial services. Exclude interest under repurchase or reverse repurchase agreements, because interest is not reportable (although, as mentioned, rebates are reportable) on this form.

I. Foreign exchange brokerage services (service number 9) — Report explicit brokerage fees and commissions for foreign exchange brokerage services, but exclude earnings from acting as a dealer where the dealer was "at risk" of incurring losses. Thus, earnings from marking positions to market, and inherent earnings from dealer markups on buy and sell transactions (i.e., bid/ask price spreads), should not be reported. Credit card companies should report multi-currency conversion fees under service number 6, credit card services, rather than as foreign exchange brokerage services.

J. Other financial services (service number 10) (*Specify primary type(s) in comments section of Schedule A or B, as appropriate.*) — Include the **total** amount of fees you received from or paid to unaffiliated foreign persons for all other financial services combined, such as those listed below. Indicate the type(s) of service(s) accounting for the largest share of the data being reported in the space provided at the bottom of the schedules. Examples of services that may be reported under this category include: Asset pricing services; security exchange listing fees; demand deposit fees; securities rating services; electronic funds transfer services (include payments to SWIFT, in Belgium); check processing fees; mutual fund exit fees, load charges and 12b-1 service fees; security redemption or transfer services; ATM network services; securities or futures clearing and settling services; and brokerage services not covered above, such as for arranging joint ventures. However, do not report real estate brokerage fees (real estate services), business brokerage fees (business services), and commodity or merchandise brokerage fees (wholesale or retail trade services), because these are not considered financial services.

Note that some types of financial services are not covered on this form. *See VI. of the Instructions for a list of types of financial services that should not be reported.*

VI. TYPES OF FINANCIAL SERVICES EXCLUDED FROM COVERAGE

The following types of financial services are not covered by this survey:

A. Stock quotation and financial information services — These are instead covered by Form BE-20 or BE-22, under data base and other information services.

B. Insurance premiums and losses, and commissions on insurance — These are not covered on Form BE-82, but are covered on other BEA forms. (*See IV. of these Instructions for information on whom to call regarding these forms.*) Charges at the individual policy level also are not covered by this form.

C. Annuity purchases and payments to annuitants — Annuity purchases and payments to annuitants are not covered by this form. Also, charges at the individual policy level, including insurance-company fees on variable annuities, are not covered by this form.

D. Pension fund contributions and benefits — Pension fund contributions and pension benefits are not covered by this form. However, U.S. pension funds may engage in other financial services transactions that are reportable on this form, including payments of brokerage commissions and fees for investment management or financial advisory services to unaffiliated foreign persons.

E. Interest and dividend receipts and payments — Under balance of payments conventions, interest and dividends are considered to be investment income rather than income from services, and are therefore not covered on this form.

F. Premiums and other proceeds from writing (selling) options, forwards, futures, and swaps — Premiums from writing options, and fees and other proceeds from writing forwards, futures, and swaps are not covered by this form. (However, explicit brokerage commissions on transactions in these financial instruments are covered under service number 1, brokerage, except foreign exchange brokerage services.)

G. Earnings of principals from buying and selling (including dealing, trading, holding, or arbitrage) of financial instruments, except foreign currency exchange transactions — Under balance of payments conventions, these types of earnings are considered to be "capital gains" (i.e., earnings that are not from current production) rather than payments for financial services, and are therefore not covered by this form. However, underwriting is considered to be a financial service, and is covered under service number 3.

H. Foreign currency exchange transactions — Bid/ask price spreads and trading profits on currency exchange transactions are not covered. However, explicit commissions paid to currency exchange brokers are covered under service number 9, foreign exchange brokerage services.

VII. REPORTING PROCEDURES

A. Due date — Your report is due March 31, 1999.

B. Fiscal year reporting period — This report covers fiscal year 1998, which is your most recent fiscal year that ended on or before December 31, 1998.

C. Extension — Requests for an extension of the reporting deadline will not normally be granted. However, in a hardship case, a written request (including a Fax) for an extension will be considered if it is received at least 15 days before the due date. BEA will provide a written response to such a request.

D. Assistance — For assistance or additional copies of the forms, telephone (202) 606-5588 between 8:00 a.m. and 4:00 p.m., eastern time, or fax your request to (202) 606-5318.

E. Original and file copies — File a single original copy of each form (including Form BE-82(A) and, if appropriate, one or more Forms BE-82(B)) with BEA. Please use the copy with the address label if such a labeled copy has been provided. Companies that elect to file separate reports for their separately organized financial services subsidiaries or parts must file a separate original copy of Form BE-82(B) for each separate subsidiary or part. In addition, retain a copy of each report in your files to facilitate resolution of problems; these copies should be retained by the U.S. Reporter for a period of not less than 3 years beyond the report's original due date. In order to facilitate survey processing, BEA requests that respondents assemble together and file in a single packet Form BE-82(A) and all Forms BE-82(B) for their enterprise.

F. Where to send the report — Send reports filed by mail through the U.S. Postal Service to:

U.S. Department of Commerce
Bureau of Economic Analysis
BE-50(SSB)
Washington, DC 20230

Address reports filed by direct private express delivery to:

U.S. Department of Commerce
Bureau of Economic Analysis, BE-50(SSB)
Shipping & Receiving Section, M-100
1441 L Street, NW
Washington, DC 20005

G. Estimates — If actual figures are not available, report estimates and label them as such. When data items cannot be fully subdivided as required, report totals and an estimated breakdown of the totals.